

RESOLUTION NO. LPFA2012-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
LODI PUBLIC FINANCING AUTHORITY AUTHORIZING THE
ISSUANCE AND SALE OF REFUNDING WASTEWATER REVENUE
BONDS TO REFINANCE AN INSTALLMENT PAYMENT OBLIGATION
OF THE CITY OF LODI, AND APPROVING RELATED DOCUMENTS
AND OFFICIAL ACTIONS

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WHEREAS, the City of Lodi (the "City") owns and operates facilities and property for the collection, treatment and disposal of wastewater within the service area of the City (the "System"); and

WHEREAS, the City previously entered into an Installment Purchase Agreement, dated as of May 1, 2004 (the "2004 Installment Purchase Agreement") with the Lodi Public Improvement Corporation (the "Corporation"), pursuant to which the City agreed to make certain installment payments in the aggregate principal amount of \$27,360,000 (the "2004 Installment Payments"), and caused execution and delivery of Wastewater System Revenue Certificates of Participation, 2004 Series A (the "2004 Certificates"), pursuant to a Trust Agreement, dated as of May 1, 2004 (the "2004 Trust Agreement"), between the Corporation and Union Bank, N.A., as successor trustee (the "2004 Trustee"), all for the purpose of financing certain additions, betterments, extensions, replacements and improvements to the System (the "2004 Project"); and

WHEREAS, under current economic conditions, it is possible for the City to refinance the 2004 Installment Payments and achieve savings for the benefit of the customers of the System; and

WHEREAS, the debt service reserve fund for the 2004 Certificates was invested in an Investment Agreement with FSA Capital Management Services LLC, which currently pays the City an interest rate of 5.455%, and staff has concluded that, unless circumstances change, it is beneficial to the City to leave the Investment Agreement outstanding at this time; and

WHEREAS, in order to leave the Investment Agreement outstanding, the City must leave the final maturity of the 2004 Certificates (which matures October 1, 2024) outstanding; and

WHEREAS, in order to provide funds to refinance the 2004 Installment Payments, the Authority proposes to issue its 2012 Refunding Wastewater Revenue Bonds (the "Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to provide revenues which are sufficient to pay debt service on the Bonds, the City proposes to sell the 2004 Project to the Authority and the Authority proposes to sell the 2004 Project back to the City under an Installment Purchase Agreement, with the purchase price to be paid by the City in semiannual installments during the term of the Bonds; and

WHEREAS, the Authority proposes to sell the Bonds on a negotiated basis to JP Morgan Securities LLC and Stifel, Nicolaus & Company, Incorporated dba Stone & Youngberg, a Division of Stifel Nicolaus (collectively, the "Underwriter"); and

WHEREAS, the Board of Directors of the Authority wishes at this time to take action approving such financing transactions and all related documents and actions.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lodi Public Financing Authority as follows:

Section 1. Approval of Refinancing Plan; Authorization of Bonds. The Board of Directors hereby approves the refinancing plan described in the recitals of this Resolution. To that end, the Board of Directors hereby authorizes the issuance of the Bonds under the Bond Law in the aggregate principal amount of not to exceed \$20,000,000.

Section 2. Approval of Related Financing Agreements. The Board of Directors hereby approves each of the following agreements required to implement the financing plan to be accomplished by the Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director, the Treasurer or the General Counsel (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

- (a) Indenture of Trust between the Authority and Union Bank, N.A., as trustee, prescribing the terms and conditions upon which the Bonds will be issued.
- (b) Installment Purchase Agreement between the Authority and the City, under which the City agrees to sell the 2004 Project to the Authority and the Authority agrees to sell the 2004 Project back to the City in consideration of semiannual installment payments.
- (c) Bond Purchase Agreement among the Authority, the City and the Underwriter, under which the Underwriter agrees to purchase the Bonds from the Authority.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of each of the foregoing agreements, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 3. Sale of Bonds. The Board of Directors hereby approves the negotiated sale of the Bonds to the Underwriter. The Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement that is approved under Section 2. The Refunding Bonds shall be sold at such price and shall bear interest at such rates as shall produce a minimum net present value savings to the City of at least 3% of the principal component of the outstanding 2004 Installment Payments to be refinanced, as such savings shall be verified and conclusively determined by the City's financial advisor (the "Minimum Savings Requirement"). The Underwriter's discount shall not exceed 1.0%. The final form of the Bond Purchase Agreement shall be executed in the name and on behalf of the Authority by an Authorized Officer.

Section 4. Official Statement. The Board of Directors hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in the form on file with the Secretary, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the purchaser of the Bonds a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of the Authority. The Board of Directors hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

Section 5. Official Actions. The Chair, the Executive Director, the Treasurer, the Secretary, the General Counsel and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including any documentation relating to municipal bond insurance if an Authorized Officer concludes, after consultation with the Authority's bond counsel, the Authority's financial advisor and the Underwriter, that it would be cost-effective to purchase such insurance. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

Dated: August 1, 2012

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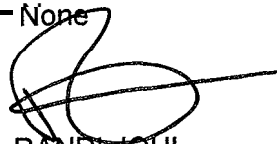
I hereby certify that Resolution No. LPFA2012-02 was passed and adopted by the Board of Directors of the Lodi Public Financing Authority in a regular/special joint meeting held August 1, 2012, by the following vote:

AYES: BOARD MEMBERS – Hansen, Johnson, Katzakian, Nakanishi,
and Chairperson Mounce

NOES: BOARD MEMBERS – None

ABSENT: BOARD MEMBERS – None

ABSTAIN: BOARD MEMBERS – None


RANDI JOHL
Secretary

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